

but never exceeds \$2 billion, and, absent special actions, cash balances will be below our prudent minimum of \$5 billion on all but one day of that week. These forecasted thin margins of error show that it will be virtually impossible to have both sufficient debt capacity and cash balances to maintain Treasury's prudent financing and investment practices. I have been informed that the independent projections made by the Federal Reserve are consistent with Treasury's, and I know of no informed source that contradicts these projections. Let me caution again that daily forecasts vary.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1833, PARTIAL-BIRTH ABORTION BAN ACT OF 1995

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. No. 104-301) on the resolution (H. Res. 251) providing for the consideration of the bill (H.R. 1833) to amend title 18, United States Code, to ban partial-birth abortions, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2546, DISTRICT OF COLUMBIA APPROPRIATIONS ACT FOR FISCAL YEAR 1996

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. No. 104-302) on the resolution (H. Res. 252) providing for the consideration of the bill (H.R. 2546) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1996, and for other purposes, which was referred to the House Calendar and ordered to be printed.

INVESTIGATION INTO IRS INVOLVEMENT IN "TRAVELGATE" IS WARRANTED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. BURTON] is recognized for 5 minutes.

Mr. BURTON of Indiana. Madam Speaker, about a week and a half ago the Committee on Government Reform and Oversight of the House held an investigative hearing into what is known as Travelgate and during that hearing, we went from the top to the bottom of the entire investigation. There were still some unanswered questions, so I would like to try to illuminate the issue for my colleagues and anybody else who may be paying attention.

Madam Speaker, when this administration took office, some people in the administration, including the First Lady, felt like it was imperative that they do away with the people who were in the travel office that made travel arrangements for the press that followed the President around the country and put their people in.

In other words, they wanted to get rid of the people from the previous administration in charge of the travel office and replace them with people from their administration. The problem was that the people in the press liked the people who were already there. So, even though the administration had the ability to make this change, they chose not to do it because they did not want to make the press corps angry. At least that was the gist of what we heard.

So, Madam Speaker, they had some people start digging around to see if there were any improprieties in the travel office and so claim there was chicanery going on and then fire them. They even got the FBI to start investigating alleged violations or disappearances of small amounts of money in the travel office. Nevertheless, this started.

Once it started, it started becoming a quagmire for them. They tried to get the FBI involved and other agencies involved in something that really need not have taken place.

One of the things that happened was there was a contractor in Tennessee called Ultrair. Ultrair was a contractor for the White House and did some travel arrangements for press and other personnel that followed the President around the country when he went on his trips.

Ultrair, in October 1992, because they handled transactions like this, contacted the IRS on their own. They contacted the IRS to find out if excise taxes should have been withheld or charged for these travel arrangements. They did this voluntarily. Then about 5 or 6 months later, the day after the White House fired the travel office employees, it was reported in the newspapers, the Wall Street Journal and others, that there was some possible kickbacks involved and Ultrair was mentioned in a bad light, even though they had not done anything wrong. All they had asked for was a decision or review by the IRS on whether or not they should withhold excise taxes.

The next day after it appeared in the paper, a horde of IRS agents descended on their office and took control of their books and had them for 2 years. Some people believe this may have been an obstruction of justice, because at a cocktail party later on there was a conversation which was recorded and given to us at the committee meeting by John Podesta, the White House staff secretary, the principal author of the White House travel office management review.

At this cocktail party he put in his notes that, "BK said that PR was on top of it." BK was Bill Kennedy, the assistant counsel to the President of the United States at the time, and PR was Peggy Richardson, who was the commissioner of the IRS.

BK said PR was on top of it. She said at the party the IRS is on top of it, and some references that the IRS agents are aware of something like that which would indicate that the head of the

IRS, the commissioner for the IRS was working with the White House to keep control of these documents, which we believe may be an obstruction of justice.

When we had the hearing the other day, I asked the IRS people about this and they said they could not respond because of section 6103 of the Tax Code, which prohibits public disclosure of tax information about a specific taxpayer without the taxpayer's consent. The fact of the matter is we already had a release from the taxpayer for the IRS to give us that information and the IRS, nevertheless, would not give it to us. They said they would, if they saw the document and they would come and talk to our leadership at a closed meeting.

Madam Speaker, this smacks of obstruction of justice. It is something that should be investigated. The IRS is suspect by a lot of people in this country and when the head of the IRS starts saying that she is putting a lid on something and using the power of the IRS to constrict information that is vital to an investigation like Travelgate, it smacks of an obstruction of justice.

Madam Speaker, we need a full-fledged investigation of this. We need to have the IRS come before us in a closed hearing to explain why those documents were taken from Ultrair in Tennessee; why they were held for 2 years; why the FBI couldn't have access to them for the investigation, and why the head of the IRS said at a cocktail party she was keeping a lid on it.

VOLATILITY IN THE MEXICAN MARKET EQUALS UNITED STATES JOB LOSSES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

Ms. KAPTUR. Madam Speaker, last week, the Wall Street Journal finally got around to printing what we all already knew to be true—that none of the promises made by NAFTA's supporters have come true. The promised 200,000 high-skill, high-wage jobs have not materialized. Real wages in the United States have decreased by 3 percent, and in Mexico they have plummeted by over 50 percent. Even the Wall Street Journal now calls NAFTA "a terrible disappointment." It's about time. The Journal itself made an awful lot of promises in regard to NAFTA.

Yet NAFTA's supporters now incredibly claim that Mexico has "turned the corner"—but the financial markets tell us something different. Last week, the peso lost 7 percent of its value in one day, and hit a record low of 7.5 pesos to the dollar—a depreciation to less than half what the peso was worth before NAFTA. At the same time, interest rates jumped 9 percent. And the Mexican Bolsa—their stock market—has continued to plummet in value. This

volatility is clearly due to a lack in confidence in Mexico's economy. So who should we believe: NAFTA's supporters, or the market? I'll take the market.

Why should Americans care about volatility in the Mexican market? Isn't it only the Wall Street fat cats and Mexican billionaires who play in that market? My friends, this volatility impacts each and every American as high-skill, high-wage United States jobs are continuing to be shipped to Mexico and our living standards continue to decline.

What is the connection? Think about the volatility in the Mexican market like this: it is like a garage sale for United States corporations. Because pesos cost only half of what they did before NAFTA, for United States corporations, everything in Mexico—including capital, taxes and labor costs—is half as expensive as it used to be. And that is not the end of the story.

□ 1845

United States corporations who operate in Mexico then export their goods from Mexico to the United States still charge us high prices for them. In short, it costs United States corporations half as much to manufacture their goods in Mexico so they are able to earn twice as much when they sell those same goods back here. It is no wonder that our corporations are moving production to Mexico at an accelerating rate.

NAFTA has become the deal of the century for them. In 1994, there were 2,000 maquiladora assembly plants along the border. At the end of this year there will be 2,600, an additional 30 percent. Just today, Lee jeans in St. Joseph, MO, announced it will terminate 479 workers, shutting production down there and moving those jobs to Mexico. Yesterday, Fruit of the Loom, an American staple company, said it will slash its U.S. work force, get ready, by 3,200 jobs to streamline operations here and boost profits, closing plants in Florence, AL, and Franklin, KY, Acadia Parish, LA, Batesville, MI and operations in Bowling Green, KY, Rockingham, NC, and the list goes on and on.

Where is the work going? You guessed it. Most of us know it is going south of our border to Mexican plants where Fruit of the Loom can pay Mexican workers less than \$1 a day. I guarantee you that the prices of their products will not come down in our country when they ship it back here.

As our colleague the gentleman from Ohio, JAMES TRAFICANT, said today, America is now losing its pants because of trade agreements like NAFTA. Funny, but sad.

We teach our nation's young people that, when they make mistakes, they should admit them and take responsibility for them, not deny them or try to cover them up.

But NAFTA's supporters are in a state of serious denial. Let us hear no

more empty rhetoric about Mexico's economy having turned the corner before NAFTA can be fixed. Those who foisted it upon us have to own up to the fact that it is broken.

NAFTA's supporters need to acknowledge that Mexico's economy is fundamentally unsound and that the agreement is costing us jobs and holding down our wages, and it is destabilizing Mexico. They need to take responsibility for what they have done to the working families of our continent. That would be the first step in the right direction; that would be true leadership.

Let me say that growing NAFTA job losses translate into real people like the 14,000 tomato farmers in southern Florida, the more than 2,000 workers being scheduled to be laid off at Briggs & Stratton in the State of Wisconsin. I will include the entire list in the Record here this evening. It is time to wake up, go back to the bargaining table and strike an agreement that works for working people across this continent.

Madam Speaker, I include for the RECORD the following information:

[From the Wall Street Journal, Oct. 26, 1995]

TWO YEARS LATER, THE PROMISES USED TO SELL NAFTA HAVEN'T COME TRUE, BUT ITS FOES WERE WRONG, TOO

(By Bob Davis)

WASHINGTON.—Promises, promises. Here's what was predicted two years ago for the North American Free Trade Agreement, followed by what really happened.

Prediction: "I believe the Nafta will create 200,000 American jobs in the first two years of its effect," President Clinton said, flanked by three of his predecessors in the Oval Office.

Reality: No evidence of any overall job gain as a result of trade with Mexico.

Prediction: Quaker Oats Co. said it would add 61 U.S. jobs in Dallas, Cedar Rapids, Iowa, and St. Joseph, Mo., if Nafta passed, by shifting Gatorade, pancake mix and oatmeal production from Mexico.

Reality: Quaker Oats continues to make the stuff in Mexico. No new Nafta related jobs at the factories.

Prediction: "I believe that you have to just say that the peso would become stronger if Nafta passes," said Mr. Clinton, "because it would strengthen the Mexican economy."

Reality: He should leave futures trading to his wife.

VIEWS OF NAFTA FOES

Hardly anything anyone said about Nafta during the congressional fight, including Nafta foes, has turned out to be true. That's a problem for all the big players in Nafta, particularly President Clinton. Meantime, many Nafta foes consider the trade pact a symbol of fat cat Washington, where promises aren't kept and the little guy always loses. For them, says Nafta-opponent Pat Choate: "Nafta was their first real issue. They lost by a hair. They feel the vote was stolen by the president. And it's turned out worse, than they expected."

Of course, Nafta's ultimate impact won't be known for years. But measured by promises used to sell it, Nafta is a colossal disappointment. Jobs haven't materialized, border-area congestion has worsened, and environmental cleanup remains haphazard. But Ross Perot had it wrong, too. He warned that Nafta would put six million U.S. factory jobs "at risk." Instead, U.S. manufacturers have

added about 300,000 jobs since he made the prediction. Nafta probably limited the length of the Mexican recession by boosting exports to the U.S., while also helping some chronically depressed border towns.

At its core, Nafta is a pact to eliminate tariffs among the U.S. Canada and Mexico over 15 years, and protect investments in all three countries. Judging strictly by these criteria, it works. Two-way trade between the U.S. and Mexico—Canada already had its own free-trade pact with the U.S.—has grown 30% since 1993.

But Nafta's significance was always greater than trade statistics; it was a new model for economic development. A big industrialized nation would merge economically with an impoverished neighbor, without paying billions of dollars in aid as the European Union did when pulling in poorer relations. Liberalized trade and investment would make Mexico wealthier, the White House said, opening markets and creating jobs. Results were promised—fast.

Improvements should be most obvious at the border, where trade's impact is the strongest. Lured by cheap wages and tariff breaks, U.S. companies have run factories on the Mexican side for 30 years—and aggravated health hazards as factories and a burgeoning population poured refuse into canals on the Mexican side. By cutting tariffs throughout Mexico, the White House argued, development would extend inland, while environmental funds would clean up the border.

What really happened?

So-called maquiladora border factories—which import auto parts and electronics, process them and send them north again—have boomed. Foreign investment in the interior has withered. In the nearly two years since Nafta took effect on Jan. 1, 1994, maquiladora employment rose 20% to 648,000, according to the Mexican forecasting arm of WEA Group Inc. By the year 2000, it will reach 943,000, the consulting firm predicts.

Maria Luna takes home \$31 a week assembling seatbelts at a TRW Inc. factory in Reynosa, Mexico, a few miles south of Brownsville, Texas. How has her life changed since Nafta? A niece from Veracruz recently joined her to seek work and crowd into Ms. Luna's garage-sized shack with 10 others. "People still come," she says. "They though they'd stay here a little time, but they stay."

The border boom results largely from Mexico's peso devaluation, which cut overall labor costs, including benefits, to \$1.80 an hour from \$2.54. Human factors contribute, too. U.S. managers can live in comfortable homes in Brownsville and El Paso in Texas or in San Diego, sending their children to American schools and commuting across the border to work. That can't be duplicated in Mexico's interior, whose lousy roads and telephone lines also scare off U.S. companies.

One expanding shantytown is Colonia Salinas de Gortari, named for the former Mexican president, on the outskirts of Reynosa. Workers there so they can't afford city rents anymore, so they seize land and build plywood shacks the size of tool sheds, with no running water, no sewage, no electricity, no paved streets. Maria Del Carmen Garcia Luna, who isn't related to Ms. Luna, lives in one of the shacks with her toddler and husband, a Zenith maintenance worker.

NOT ENOUGH MONEY FOR CHILDREN

In the U.S., jobs like her husband's are the backbone of countless blue-collar neighborhoods. But he takes home only \$26 a week, and merely buying powered milk for the child consumers 15% of it. "We don't have

enough money for meat or chicken," she says.

About the best Nafta has done so far is to limit the impact of the Mexican crisis on the U.S., while offering Mexico a chance to export its way out of trouble. During the last crisis in 1982, U.S. border communities were crippled as Mexico sharply raised tariffs and restricted imports. This time, Mexico kept tariffs at Nafta-reduced levels and pushed exports.

In Brownsville, retailers complain that few Mexicans can afford to shop there for clothes and electronics anymore. But Brownsville's port, which serves the industrial hub of Monterrey, is booming. Cranes load five-foot-high coils of steel into the black-hulled "Sunny Success," bound for Italy. Port managers lobby for a new bridge to ease border transport. Local unemployment remains distressingly high, around 11%, but it hasn't surged, as in 1982.

However, Nafta has failed to deliver on the biggest White House promise: creating U.S. jobs.

During the Nafta debate, Fortune 500 companies forecast job gains, which now look foolishly naive, Johnson & Johnson says it can't locate the person who in 1993 forecast "800 more U.S. positions" as a result of Nafta. "If there is job growth, I don't think that's because of Nafta," says a spokesman.

Some big-time exporters do report gains, General Electric Co. says sales of power equipment and locomotives are up, as Mexico upgrades its infrastructure. But the company notes carefully that this work "isn't creating jobs, it's supporting jobs." In other words, Nafta makes it less likely that GE will have to lay off workers.

SPECIAL NAFTA MATH

U.S. Trade Representative Mickey Kantor gamely argues that Nafta "created a huge number of net jobs." But he needs special Nafta math to do so. He counts just export growth—not jobs lost through imports—and adds in Canada. Mr. Clinton only cited trade with Mexico in his job-growth prediction, and for good reason. Canada's free-trade agreement with the U.S. dates to 1989; Nafta barely affected their trade relations.

Gary Hufbauer, an economist at the Institute for International Economics whose predictions of Nafta job gains were embraced by the Clinton and Bush White Houses, now figures the surging trade deficit with Mexico has cost the U.S. 225,000 jobs. But such estimates are suspect, too. With the U.S. economy near what's considered to be full employment, it's difficult to know how many workers actually lost jobs as a result of Nafta and whether they found new ones quickly. The Labor Department has certified only 21,500 workers for special unemployment benefits because they lost their jobs as a result of trade with Mexico.

The Clinton administration pins much blame for missed promises on the peso's collapse last December, when Mexico ran out of dollars to support it. The country had become to dependent on short-term borrowing to finance imports and didn't recognize enough that it had to devalue.

Some economists say Nafta helped cause delay. It let Mexico see itself as part of the industrial elite, a self-image reinforced when it joined the rich-nation Organization for Economic Cooperation and Development. In August 1994, an internal U.S. Treasury analysis found the peso overvalued by 10%, but noted Mexico didn't agree because it expected a Nafta surge.

Optimists contend the Mexican economy will start growing soon. Yet the peso mess and ensuing recession have pushed the benefits far into the future. "If people notice anything with Nafta, they notice more traffic because there's more trade," says Alfredo

Phillips, who runs a border development bank, "Expected improvements haven't occurred." He then adds a new prediction: "We expect we'll see them next year."

The SPEAKER pro tempore (Ms. PRYCE). Under a previous order of the House, the gentlewoman from Florida [Ms. ROS-LEHTINEN] is recognized for 5 minutes.

[Ms. ROS-LEHTINEN addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

MORE ON FOREIGN OPERATIONS APPROPRIATIONS ARMS TO PAKISTAN PROVISION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE] is recognized for 5 minutes.

Mr. PALLONE. Madam Speaker, I just wanted to talk a bit about the conference report on the foreign operations appropriations bill which was passed just in the last hour or so. As I mentioned on the floor, it is sort of a mixed bag. I supported the bill because I think overall it is a good bill. But there are some good and bad items in it.

I want to talk about one good aspect and one bad aspect, if I could in the time that I have allotted this evening.

First of all, I was very pleased to see that the conferees actually reduced the amount of economic assistance to Turkey. Last year Turkey received \$45 million in United States economic support. This year it will be down to \$33.5 million, significantly less than the \$100 million that was requested by the administration. I think in large part that is due to the efforts of Congressman JOHN PORTER from Illinois and the amendment that he had successfully adopted on the House floor back in June, which was supported by myself and others.

That amendment basically pointed out that Turkey has been involved in a number of issues that are detrimental both to the United States and to a lot of other ethnic groups as well as other countries in its vicinity.

First of all, the reduction in aid, I believe, clearly recognizes the unlawful blockade by Turkey of Armenia. It also recognizes the treatment that Turkey has been giving to the Kurds, an ethnic minority within its borders and even beyond its borders. Turkey has been systematically annihilating Kurds, tearing down, burning burning villages. In the conference report specific reference is made to one of my constituents, a U.S. citizen by the name of Aliza Marcus, who is a Reuters journalist and a New Jersey resident who is being tried in Turkey on charges of provoking racial hatred for reporting on the Turkish military's forced evacuation and destruction of villages in southeastern Turkey. The conferees say they expect that the Government of Turkey will protect freedom of expression and information by interced-

ing with the military-sponsored state security courts on behalf of Aliza Marcus. This woman has done nothing more than do her job and now she is being tried in Turkish courts.

In addition to that, I believe the reduction in aid to Turkey recognizes that Turkish intransigence on the Cyprus issue. I believe very strongly that Cyprus should be reunited, that the Turkish military should pull out and, in fact, the conference report specifically earmarks \$15 million for Cyprus among other things aimed at reunification of that island. So I believe that our efforts on behalf of both Armenia, the Kurds and the Cypriots to point out that Turkey really is no ally of the United States is clearly reflected in the conference report.

I am concerned, though, and I did want to express my concern, that the conference report does include the Senate language which permit the transfer of seized military equipment to the Government of Pakistan. This provision was not part of the House-passed bill, and I regret that this ill-advised and dangerous provision is in the conference report. During the conference I was joined by 40 of my House colleagues from both sides of the aisle in writing to the conferees urging that they not recede to the Senate provision with regard to the arms sales to Pakistan.

As we noted in our letter to the conferees, during the last decade Pakistan was the third largest recipient of United States military assistance. Pakistan asked for the help of the United States in becoming conventionally strong militarily and, in exchange, promised not to develop nuclear weapons. But by 1985, United States intelligence had strong evidence that Pakistan was taking United States arms while going back on its word about developing nuclear capability.

In response to Pakistan's confirmed assurances in 1985, the Congress enacted the Pressler amendment to allow Pakistan to continue to receive United States assistance so long as the President could annually certify that Pakistan does not have a nuclear device. But in 1985, after passage of the Pressler amendment, Pakistan contracted for the delivery of 68 F-16 fighters and other military equipment totaling \$2.6 billion.

In 1990, Pakistan had received 40 of the 68 planes and a considerable amount of other equipment had been delivered when President Bush was forced by overwhelming evidence to find that Pakistan had the bomb. The Pressler amendment was invoked ending all military assistance, including weapons contracted and paid for.

Unfortunately, this provision, which is in the conference report, would essentially take away the strong force of the Pressler amendment and allow significant amount of these arms sales to take place and be transferred to Pakistan. I think that that is unfortunate.